

108TH CONGRESS
1ST SESSION

S. 1263

To amend the Internal Revenue Code of 1986 to exclude from gross income interest received on loans secured by agricultural real property.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2003

Mr. HAGEL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to exclude from gross income interest received on loans secured by agricultural real property.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Economic In-
5 vestment Act of 2003”.

6 **SEC. 2. EXCLUSION FOR INTEREST ON LOANS SECURED BY**
7 **AGRICULTURAL REAL PROPERTY.**

8 (a) IN GENERAL.—Part III of subchapter B of chap-
9 ter 1 of the Internal Revenue Code of 1986 (relating to

1 items specifically excluded from gross income) is amended
 2 by inserting after section 132 the following new section:

3 **“SEC. 133. INTEREST ON LOANS SECURED BY AGRICUL-**
 4 **TURAL REAL PROPERTY.**

5 “(a) EXCLUSION.—Gross income shall not include in-
 6 terest received by a qualified lender on any qualified real
 7 estate loan.

8 “(b) DEFINITIONS.—For purposes of this section—

9 “(1) QUALIFIED LENDER.—The term ‘qualified
 10 lender’ means any bank or savings association the
 11 deposits of which are insured under the Federal De-
 12 posit Insurance Act (12 U.S.C. 1811 et seq.).

13 “(2) QUALIFIED REAL ESTATE LOAN.—The
 14 term ‘qualified real estate loan’ means any loan se-
 15 cured by agricultural real estate or by a leasehold
 16 mortgage (with a status as a lien) on agricultural
 17 real estate.

18 “(3) AGRICULTURAL REAL ESTATE.—The term
 19 ‘agricultural real estate’ means—

20 “(A) real property used for the production
 21 of 1 or more agricultural products, and

22 “(B) any single family residence—

23 “(i) which is the principal residence
 24 (within the meaning of section 121) of its
 25 occupant, and

1 “(ii) which is located in a rural area
2 (as determined by the Secretary of Agri-
3 culture) with a population (determined on
4 the basis of the most recent decennial cen-
5 sus for which data are available) of 2,500
6 or less.”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for such part III is amended by inserting after the item
9 relating to section 132 the following new item:

 “Sec. 133. Interest on loans secured by agricultural real property.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to taxable years beginning after
12 the date of the enactment of this Act.

○